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Application No. 09/540,968  
Amendment dated November 10, 2003  
Reply to Office Action of September 9, 2003

REMARKS

Finality of Office Action dated September 9, 2003:

Claims 1-30 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Salvo et al. (U.S. Patent No. 6,341,271, hereinafter “Salvo”). This rejection is final. However, it is respectfully submitted that the finality of this rejection is not proper. For example, pursuant to M.P.E.P. § 706.07(a), any second or subsequent action on the merits shall be final except where the examiner introduces a new ground of rejection that is not necessitated by the applicant’s amendment of the claims. *See M.P.E.P. § 706.07(a), Final Rejection, When Proper on Second Action.* (Emphasis added). Further, “any second or subsequent action on the merits in any application... will not be made final if it includes a rejection, on newly cited art... of any claim not amended by applicant... in spite of the fact that other claims may have been amended to require newly cited art.” *Id.* (Emphasis added). It is respectfully submitted that the 103(a) rejection of claims 1-30 as being unpatentable over Salvo is a new ground of rejection. Further, this rejection was not necessitated by amendment because Salvo was cited on a PTO-892 form, which was mailed with Paper No. 18. Thus, for at least this reason a final rejection is improper.

Further, although Salvo was on the record, it was newly cited against claims that were not amended. Thus, for this additional reason the action should not have been made final. When making a final rejection, the M.P.E.P. distinguishes between newly cited art and art that is not on the record. As stated above, if newly cited art is asserted against an unamended claim the action will not be made final. M.P.E.P. § 706.07(a). An action should also not be made final “if it includes a rejection ‘on prior art not on record...’” *Id.* (Emphasis added). M.P.E.P. § 706.07(a). Thus, § 706.07(a) of the M.P.E.P. gives three different instances where it is improper to make a second or subsequent action final, while internally distinguishing between “newly cited art” and “prior art not of record.” While Salvo may have been “of record” it was never cited against the claims. In sum, the finality of the rejection of claims 1-30 is improper at least because (a) it is a new ground of rejection not necessitated by amendment, and (b) the art cited in

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the rejection is newly cited against unamended claims. For at least these reasons, it is respectfully requested that the final rejection of claims 1-30 be withdrawn.

Claim Rejections 35 U.S.C. § 103:

As previously stated, claims 1-30 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Salvo. Claims 1 and 10 call for receiving an electronic indication of an inventory allocation and completing a plurality of on-line sales transactions against the allocation. Claim 19 calls for a server that completes a plurality of on-line sales transactions against an electronic indication of an inventory allocation, a memory coupled to the server that stores the electronic indication of the inventory allocation and the server decrements the electronic indication of the inventory allocation with each on-line sales transaction, monitors the electronic indication of the inventory allocation and automatically requests an additional electronic indication of inventory allocation. Claims 23, 26 and 29 call for providing an electronic allocation/indication of an inventory allocation to an on-line sales transaction service, and receiving a request from the on-line sales transaction service for an additional inventory allocation.

In the Office Action, Salvo is characterized as disclosing

an automated inventory management system 100 over a network where an on-line sale of an inventory allocation 150 is analyzed, as needed, by a control unit 114 and the inventory is replenished depending upon particular demands, e.g., col. 7, lines 39-57; col. 8, lines 1-4; col. 9, lines 33-57; claim 16.... To have provided automatic replenishment of inventory below of pre-set level in response to depletion of inventory for Salvo would have been an inherent and obvious function of the Salvo system 100.

See Office Action of September 9, 2003, at page 2. This characterization of Salvo is respectfully traversed. For example, the control unit 114 of Salvo merely serves an information gathering and analyzing function. Specifically, the control unit 114 determines the amount of inventory 150 that a manufacturer 103 uses over time, estimates the manufacturer's 103 future use of

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inventory 150 and determines if an inventory order is needed. Column 5, lines 7-9. Further, the control unit 114 is connected to the inventory price source 126, which determines the lowest available price for an inventory. Column 6, lines 7-9. The control unit 114 can analyze this information and provide information regarding the most opportune time to purchase the inventory based on price. Column 6, lines 17-27. Thus, the control unit 114 is provided with information to analyze the inventory purchase prices from different vendors including transportation costs, and determines the lowest total inventory purchase price vendor for that inventory. Column 6, lines 47-53. Once all of the information is analyzed by the control unit 114, the purchasing agent at the manufacturer 103 may access the analyzed information in an end form. Column 7, lines 23-38. Thus, the analyzed information can help the plant purchasing agent and vendors by making recommendations for inventory decisions. Column 8, lines 1-4. Salvo does not specifically discuss how the purchasing agent places an order. However, Salvo does mention that an order may be placed "automatically, such as electronically" or via a paper order. Column 9, lines 43-47 and 60-63. Salvo delivers the ordered inventory by standard delivery measures. See, e.g., column 6, line 64 through column 7, line 5. Once the inventory has reached the manufacturing site 103, it is processed by a material processor 102. See Figure 1; column 4, lines 22-27.

With respect to claims 1 and 10, Salvo does not teach or suggest receiving an electronic indication of an inventory allocation. That is, the control unit 114 merely receives inventory price information for analysis to make a purchasing recommendation. After a purchase order has been placed (remote from the control unit 114), Salvo delivers the inventory to the manufacturing site 103 by traditional delivery means. There is no teaching or suggest in Salvo of on-line sales transactions against the delivered inventory. Thus, for at least these reasons, claims 1, 10 and the claims dependent therefrom are not obvious over Salvo.

With respect to claim 19, Salvo does not teach or suggest a server that completes a plurality of on-line sales transactions against an electronic indication of an inventory allocation.

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As explained, control unit 114 merely provides information for purchasing without taking an active role in the actual purchase of inventory. Sales transactions in Salvo are by purchase orders placed and actual delivery of the inventory. Thus, for at least these reasons, claim 19 and the claims depending therefrom are believed to be patentable over Salvo.

With respect to claims 23, 26 and 29, again as previously explained Salvo does not teach or suggest providing an electronic allocation of inventory to control unit 114. Further, Salvo fails to disclose on-line sales of the inventory 150 once processed (102) at the manufacturer. Thus, for at least this reason claims 23, 26 and 29 are believed to be patentable over Salvo.

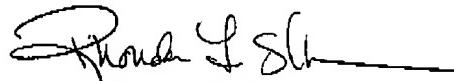
With respect to the statement in the Office Action that the automatic replenishment of inventory below pre-set levels would have been an inherent and obvious function of Salvo's system 100, this statement is respectfully traversed. To be inherent, the evidence must make clear that the missing descriptive matter is necessarily present in the thing described in a reference. *See, In re Robertson*, 49 U.S.P.Q. 2d 1949, 1950-1951 (Fed. Cir. 1999), citing *Continental Can Co. v. Monsanto Co.*, 20 U.S.P.Q. 2d 1746, 1749 (Fed. Cir. 1991). It is respectfully submitted that the Examiner bears the burden of establishing inherency. Thus, it is requested that the Examiner give some showing as to why automatic replenishment is an inherent function of Salvo.

Further, it is also respectfully submitted that the Examiner has not established a *prima facie* case of obviousness with respect to "automatic replenishment." To be obvious "there must be some motivation, suggestion or teaching of the desirability of making the specific combination that was made by the applicant." *See, In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000). Toward this end, particular findings must be provided; conclusory statements standing alone are insufficient. *Id.* It is respectfully submitted that no such showing has been made. Thus, a *prima facie* case of obviousness has not been established.

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In view of the remarks above, it is respectfully requested that the Examiner withdraw the finality of the Office Action. Further, it is believed that the application is in condition for allowance. Thus, the Examiner's prompt attention in accordance therewith is respectfully requested.

Respectfully submitted,



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